

Adopt Section 2509.21 of Title 10, California Code of Regulations to read as follows:

Section 2509.21. Deposits of Reinsurers

(a) When an admitted insurer is subject to proceedings specified in Insurance Code Sections 11698(a) or 11698.3, any workers' compensation deposit made pursuant to Insurance Code Section 11691(f)(1) by any reinsurer of the insurer, which the reinsurer was required to identify to the Commissioner pursuant to Insurance Code Section 11691(f)(1) and for which the ceding insurer was allowed any deposit credit, shall be deemed for the purposes of Article 1 (commencing with Section 11690), Chapter 3, Part 3, Division 2 of the Insurance Code, to be included as part of the ceding insurer's own workers' compensation deposit pursuant to Insurance Code Section 11691(a). The Commissioner shall use the proceeds of any such deposit by the reinsurer, and any interest thereon, only for the payment of that portion of a workers' compensation claim which the reinsurer is required to pay as determined pursuant to Insurance Code Section 11691(f)(2). To the extent that any portion of a reinsurer's deposit is used to pay a compensable workers' compensation claim against an insurer as provided in the preceding sentence, the liability of the reinsurer with respect to the portion of the claim so paid shall be deemed fully satisfied and released. Upon request, the Commissioner shall provide to any reinsurer a special certificate pursuant to Insurance Code Section 12973 that memorializes the satisfaction and release.

(b) By reason of the reinsurance agreement requirements set forth in Insurance Code Section 11691(f)(2), payment of a claim from a reinsurer's deposit shall be considered an authorized payment to an alternative payee for the purposes of Insurance Code Section 922.2(a)(2).

Note: Authority cited: Section 11691, Insurance Code. Reference: Sections 922.2, 11691, 11698, 11698.3, Insurance Code.